

SENATE BILL REPORT

SB 6649

As Reported by Senate Committee On:
Housing Stability & Affordability, February 5, 2020

Title: An act relating to establishing a local sales and use tax option to fund emergency homeless shelters.

Brief Description: Establishing a local sales and use tax option to fund emergency homeless shelters.

Sponsors: Senators Zeiger, Kuderer, Braun and Wilson, C.

Brief History:

Committee Activity: Housing Stability & Affordability: 2/05/20, 2/05/20 [DPS-WM, DNP].

Brief Summary of First Substitute Bill

- Authorizes a city or county to impose a 0.03 percent local sales and use tax, credited against the state portion of the sales tax, for operating and capital costs for emergency housing shelters for the homeless.

SENATE COMMITTEE ON HOUSING STABILITY & AFFORDABILITY

Majority Report: That Substitute Senate Bill No. 6649 be substituted therefor, and the substitute bill do pass and be referred to Committee on Ways & Means.

Signed by Senators Kuderer, Chair; Das, Vice Chair; Zeiger, Ranking Member; Saldaña.

Minority Report: Do not pass.

Signed by Senators Darneille and Warnick.

Staff: Jeff Olsen (786-7428)

Background: Retail sales taxes are imposed on retail sales of most articles of tangible personal property, digital products, and some services. A retail sale is a sale to the final consumer or end user of the property, digital product, or service. If retail sales taxes were not collected when the user acquired the property, digital products, or services, then use taxes apply to the value when used in this state. The state, most cities, and all counties levy retail

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sales and use taxes. The state sales and use tax rate is 6.5 percent. Local sales and use tax rates vary from 0.5 percent to 3.9 percent, depending on the location.

County and city legislative authorities are authorized to implement a local sales tax to fund affordable or supportive housing. The maximum rate imposed may not exceed either 0.0146 percent or 0.0073 percent, and the local tax is credited against the state portion of the sales tax. Revenues from the local affordable housing tax may be used for acquiring, rehabilitating, or constructing affordable housing, or operations and maintenance costs of new units of affordable or supportive housing. In counties with a population of 400,000 or less and cities with a population of 100,000 or less, revenues may also be used to provide rental assistance to tenants.

Summary of Bill: The bill as referred to committee not considered.

Summary of Bill (First Substitute): County and city legislative authorities are authorized to implement a 0.03 percent local sales tax to fund operating and capital costs related to temporary and emergency housing shelters for the homeless. The tax is credited against the state portion of the sales and use tax. A city or county must adopt a resolution of intent to adopt legislation authorizing the tax prior to imposing the tax. If a county imposes the emergency housing shelter tax and a city located in that county has also imposed the tax, the county must provide a credit against its tax for the amount imposed by a city.

By December 31, 2020, or within 30 days of a city or county authorizing the emergency housing shelter tax, whichever is later, the Department of Revenue must calculate the maximum amount of tax distributions for each city or county. The maximum amount of tax distributions for each city or county equals the taxable retail sales within the city or county in the current fiscal year multiplied by the tax rate.

A city or county collecting the emergency housing shelter tax must use the revenues collected for operating and capital costs related to temporary and emergency housing shelters for the homeless. A city or county may issue general obligation or revenue bonds and may enter into interlocal agreements with one or more counties, cities, or public housing authorities for costs and services related to building and operating the temporary and emergency housing shelters. The city's or county's expenditures from the local sales tax must supplement the city's previous expenditures for these purposes.

Appropriation: None.

Fiscal Note: Available.

Creates Committee/Commission/Task Force that includes Legislative members: No.

Effective Date: Ninety days after adjournment of session in which bill is passed.

Staff Summary of Public Testimony on First Substitute: PRO: Washington is faced with challenge of how to address homelessness. This is a big proposal to address housing and shelter needs. There is bipartisan support for emergency shelters, with people living and dying on the streets. This is a similar approach to HB 1406 that was passed last year, with a

local sales tax credit against the state sales tax. This is a creative way to respond and build on the efforts from last year. The funding from last year created conversations with cities and counties working on housing issues. This approach would further add to the conversation that is needed about shelters. Communities are using the money from HB 1406, and additional funds, including for faith-based shelters, would be of great assistance in addressing homelessness.

OTHER: There are many people in Lewis County waiting for assistance. Recovery from substances is also an issue. Housing equals health care, and people needs housing to get healthy.

Persons Testifying: PRO: Senator Hans Zeiger, Prime Sponsor; Rick Hughes, San Juan County; Michele Thomas, Washington Low Income Housing Alliance.

OTHER: Lisa Striedinger, Friends without homes.

Persons Signed In To Testify But Not Testifying: PRO: Carl Schroeder, Association of Washington cities.